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# United States Senate

COMMITTEE ON VETERANS' AFFAIRS

WASHINGTON, DC 20510

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March 18, 2011

The Honorable Kent Conrad, Chairman  
The Honorable Jeff Sessions, Ranking Member  
Senate Budget Committee  
624 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Conrad and Ranking Member Sessions:

Pursuant to Section 301(d) of the Congressional Budget Act of 1974, the Undersigned Members of the Committee on Veterans' Affairs hereby report to the Committee on the Budget their views and estimates on the Fiscal Year 2012 (FY12) budget for Function 700 (Veterans' Benefits and Services) and for Function 500 (Education, Training, Employment, and Social Services) programs within the Committee's jurisdiction, including the Court of Appeals for Veterans Claims. This letter responds to the Committee's obligation to provide recommendations on veterans' programs within its jurisdiction, albeit from the perspective of the Undersigned Members.

## I. SUMMARY

The Undersigned Members support the President's request for the FY12 budget for the Department of Veterans Affairs (VA) but recommend an increase, above the Department's requested discretionary amounts, of \$9 million for the Office of Inspector General and \$72 million for Medical and Prosthetic Research. In addition, the Undersigned Members recommend \$24 million above the President's request for the Department of Labor's Veterans' Employment and Training Service. The result of these recommendations is an overall funding recommendation of \$105 million above the President's requested discretionary amount for FY12.

We are mindful that some accounts in this letter recommend funding increases and, to the extent practicable, the Committee on Veterans' Affairs will identify funding within our jurisdiction to keep total spending for VA and other entities within the Committee's jurisdiction to the President's requested level for FY12. For example, the Committee has identified \$25 million that has been requested from the Court of Appeals for Veterans Claims (CAVC) that, in the Undersigned Members' opinion, could be better used in other areas. In addition to exploring changes to the increase in funding for general administration in the President's request, we will follow the lead of the recommendations of the President's National Commission on Fiscal Responsibility and Reform by examining the increases to employee travel accounts, which potentially could be shifted to more critical missions within VA.

With respect to mandatory benefits, sufficient offsets should be identified to avoid imposing a Cost-of-Living Adjustment (COLA) round-down for the upcoming fiscal year.



## II. DISCRETIONARY ACCOUNT SPENDING

### A. Medical Services

The President requests an overall funding amount of \$40.05 billion for Medical Services for FY12, an increase of \$2.92 billion over the amount in FY11. This amount includes a rescission of \$552 million as part of the President's freeze on pay for Executive Branch employees. We support the President's request for an additional \$2.92 billion in funding for Medical Services, as described in greater detail below:

#### Components of Recommended Increases

##### 1. Health Care Services

**Acute Care:** VA provides veterans with acute care services that include inpatient hospital care, ambulatory care, and pharmacy services. Inpatient acute care services include neurology and surgery. Ambulatory care includes care provided at VA hospital-based and community-based clinics, as well as contracted non-VA facilities. Pharmacy services include prescriptions, over-the-counter medications, and pharmacy supplies. VA estimates the demand for such services will cost \$28.18 billion in FY12, necessitating an additional \$1.85 billion in needed funding over the FY11 amount.

The Undersigned Members support the President's request for an additional \$1.85 billion for acute care funding for FY12.

**Rehabilitation:** VA's rehabilitative care programs include the Blind Rehabilitation and Spinal Cord Injury programs, among others. Pursuant to Public Law 104-262, which established the requirement that VA maintain its capacity to provide for the specialized treatment and rehabilitative needs of patients, the Administration is expanding the Blind Rehabilitation program to accommodate the increased workload due to additional numbers of eye injuries among Operation Enduring Freedom, Operation Iraqi Freedom, and Operation New Dawn (OEF/OIF/OND) veterans.

The Undersigned Members support the President's request for an additional \$14.9 million in funding for FY12 for VA's rehabilitation programs.

**Mental Health:** Funding for mental health supports inpatient, residential, and outpatient mental health programs. The number of veterans diagnosed with substance abuse problems is increasing, as are the average daily census for inpatient programs and the number of outpatient visits, necessitating more resources for mental health services. As VA integrates mental health care with primary care, completes the implementation of the Uniform Mental Health Services Handbook, implements new screening and treatment deadlines, increases access and outreach, and expands training for providers, more funds will be required. VA is also working with the Department of Defense (DoD) to implement the Integrated Mental Health Strategy, which will



increase collaboration between the Departments to ensure that all veterans and servicemembers are captured by the system.

The Undersigned Members support the President's request for an additional \$195.5 million in funding over FY11 levels for mental health services, for a total funding amount of \$4.25 billion for FY12.

**Prosthetics:** VA provides funds to veterans for the purchase and repair of prosthetics and sensory aids, such as artificial limbs, hearing aids, pacemakers, artificial hip and knee joints, ocular lenses, and wheelchairs. VA estimates the demand for such prosthetics and repairs to cost \$2.49 billion in FY12 and requests an additional \$322 million in needed funding over the FY11 amount. We have seen some new data that show dramatic increases in amputations among casualties of the current conflicts. Some of the most shocking statistics include that twice as many wounded soldiers needed a limb amputated than in the previous two years. This is an area where the Committee intends to do more oversight to ensure that there are sufficient resources to provide prosthetics to the casualties of the current conflicts.

The Undersigned Members support the President's request for an additional \$322 million in funding for FY12, for a total amount of \$2.49 billion to meet the demand for prosthetics in FY12.

**Dental Care:** VA provides veterans with dental care services that include onetime Class II benefits to all newly discharged combat OEF/OIF/OND veterans within 180 days of discharge. Class II benefits are provided to veterans with service-connected, non-compensable dental conditions or disabilities shown to have been in existence at the time of discharge or release from active duty. VA also provides dental services to veterans placed into dental Classifications III and IV, those with a condition negatively impacted by poor dentition. VA estimates the demand of such services will cost \$490.8 million in FY12, necessitating an additional \$19.3 million in funding over the FY11 funding amount.

The Undersigned Members support the President's request for an additional \$19.3 million in funding for FY12, for a total funding amount of \$490.8 million for dental care for FY12.

**Contingency Fund:** This year, VA has requested the creation of a contingency fund to supplement the amounts requested above. This fund is intended to make available additional sums that VA could need if the economy continues to be weak and unemployment high, therefore bringing more veterans into the VA system and increasing their reliance on it. This is the first year that the Enrollee Health Care Projection Model, the tool VA uses to project utilization of the health care system, has incorporated an adjustment for these factors. In order to release funds from the proposed contingency fund, a joint request by VA and the Office of Management and Budget (OMB) would be required. Unused sums would be returned to the Treasury. The Undersigned Members are skeptical about the President's request for the creation of a contingency fund and for an amount of \$953 million to be placed in that fund.



However, this Committee will be closely monitoring VA's quarterly status reports that describe financial status and program performance.

**Long-Term Care:** VA projects the institutional care average daily census (ADC) will increase from 40,184 to 40,843 (1.6 percent) from 2011 to 2012, and the non-institutional care ADC will increase from 109,256 to 113,926 (4.3 percent) from 2011 to 2012.

The Undersigned Members support the President's request for an additional \$478.6 million in funding for FY12, for a total funding amount of nearly \$5.4 billion for long-term care services.

**Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA):** CHAMPVA provides health care benefits for dependents and survivors of veterans who are, or were at time of death, 100 percent permanently and totally disabled from a service-connected disability, or who died from a service-connected condition. Of note, the family caregivers program mandated by Public Law 111-163 requires VA to extend CHAMPVA eligibility to primary family caregivers who do not have another form of health insurance.

The Undersigned Members support the President's request for an additional \$98.1 million in funding for FY12 and support the requested total funding amount of approximately \$1.18 billion for CHAMPVA services. However, the Undersigned Members will be ensuring amounts are sufficient to account for the increases in CHAMPVA usage that will result from the implementation of the family caregiver program mandated by Public Law 111-163.

**Readjustment Counseling:** VA furnishes readjustment counseling at VA's Vet Centers to veterans who served in combat zones, including those involved in OEF/OIF/OND. VA had 300 Vet Centers operating across the country in 2010, and had 1.37 million visits. Vet Centers provide essential counseling related to combat service, bereavement counseling for families of servicemembers who die while on active duty, as well as outreach and referral services. VA expects an increase in post-traumatic stress disorder (PTSD) and other mental health conditions as veterans return from OEF/OIF/OND after multiple tours of duty. The President requests \$189 million in total funding for FY12 to meet the increasing demand for readjustment counseling.

Therefore, the Undersigned Members support an additional \$8 million in funding for FY12 and recommend a total of \$189 million in funding for readjustment counseling.

## **2. Operational Improvements**

While the Undersigned Members of the Committee support the expansion of many existing initiatives in the areas of mental health, readjustment counseling, and rehabilitative care, as discussed above, we believe that more can and should be done – especially in the areas of homelessness, mental health care, and family caregiving. The Undersigned Members look forward to examining the Administration's proposed initiatives, improvements, and legislative proposals.



The President's request also includes a proposal to realign clinical staff in a way VA anticipates will be more efficient and is projected to generate \$150.8 million in savings in the first year. Under the realignment, VA would convert 1,446 physician and registered nurse positions into 1,165 licensed practical nurses, nursing assistant, and other similar provider positions. The Undersigned Members are concerned about possible detrimental effects on the quality of or access to care for veterans. For our part, we will work to ensure that any conversions are carried out in a responsible manner.

### **3. Major and Minor Construction:**

The Administration requested \$589.6 million for Major Construction in FY12, which is a decrease of \$604.4 million from the FY10 funding level. Although this request supports seven medical facility projects already underway and begins three new medical facility projects, there remains a huge backlog of partially-funded and unfunded construction projects. The Major Construction request also fully funds the resources required to support gravestone expansion at the National Memorial Cemetery of the Pacific, providing a burial option to an additional 9,000 deceased veterans and eligible family members, and allowing the cemetery to maintain its status as a National Shrine.

For Minor Construction, the Administration's budget request of \$550.1 million would reduce the account from its FY10 level by over \$235 million. However, the costs of repairing all of the facilities in need of repair – via minor construction and non-recurring maintenance funds – would total \$10 billion.

While VA's new Strategic Capital Investment Plan (SCIP) is a useful baseline for future capital planning and while it succeeds in some areas, it fails to express an overarching national vision on VA's capital investments and their impact on the delivery of health care. SCIP has identified \$53-65 billion in improvements that should be made over the next ten years to ensure that facilities keep up with advances in health care, prevent excessive deterioration, and maintain facilities that are able to meet the pace of demand. Keeping in mind that the average VA building is approximately 60 years old, and that funding for repairs and maintenance has been historically limited, VA must begin to define an overarching national strategy based on the gaps defined in SCIP. Among the proposals in the President's budget request are \$1 billion for new facility projects, \$700 million for leases, and \$700 million for facility renovation projects. In this difficult financial environment, VA is advised to outline a comprehensive national plan to meet its physical infrastructure needs in the most timely and cost-effective method.

In the absence of such a plan, the Undersigned Members support the President's budget request for Major and Minor Construction. We expect that in future years, SCIP will better define VA's nation-wide strategy on physical infrastructure that will allow for timely and cost-effective delivery of health care.



#### **4. Policy Highlights:**

***Women Veterans:*** Women veterans are the fastest growing segment of veterans. The percentage of women veterans is expected to rise substantially over the next two decades. While VA is an institution originally designed and focused toward serving male veterans, there is a crucial need to adapt to this change in the veteran population.

The Undersigned Members support the President's request for an additional \$28 million in funding for women veterans. An increase in the FY12 budget toward women veteran specific programs is a positive sign that VA is making an effort to quickly improve services for the rapidly growing number of women veterans.

The Undersigned Members encourage VA to maximize its use of existing legislative tools and already appropriated funding to finish implementing Title II of Public Law 111-163, the Caregivers and Veterans Omnibus Health Services Act of 2010, which contains six vital provisions, including a childcare pilot program.

***Homeless Veterans:*** In an effort to end homelessness among veterans, VA proposes to enhance its current efforts to house homeless veterans by expanding the capacity of its programs to assist homeless veterans. Included in this funding are programs to provide timely interventions, such as supportive services to veterans at risk of becoming homeless through the Department of Housing and Urban Development (HUD) and VA pilot programs to help OEF/OIF/OND veterans, per diem grants for community-based programs, intensive case management services for HUD-VA Supported Housing (HUD-VASH) voucher recipients, among other programs.

The Undersigned Members support the President's request for an additional \$139.4 million, to ensure that VA maintains its commitment to ending veteran homelessness by the year 2015.

Permanent supportive housing has been recognized by both VA and the United States Interagency Council on Homelessness as a key component of the plan to end veteran homelessness, and we support its continued growth. While it is outside of our purview, the Undersigned Members would also like to express our commitment to maintaining sufficient HUD funding to support the appropriate number of HUD-VASH vouchers.

#### **B. Medical Support and Compliance**

The Medical Support and Compliance appropriation provides funding for the expenses of management, security, and administration of the VA health care system. Such costs include operation of VA medical centers, Veterans Health Administration (VHA) headquarters, VISN offices, Facility Director offices, Chief of Staff operations, quality of care oversight, security and legal services, billing and coding activities, procurement, financial management, and human resource management.

The President's FY12 and FY13 estimates for the Medical Support and Compliance appropriation are based on an actuarial analysis founded on current and projected veteran population statistics, enrollment projections of demand, and case mix changes associated with current veteran patients. This amount also includes a \$111 million rescission of funds as part of the President's freeze on pay for Executive Branch employees.

We support the President's recommendation of \$117 million in funding over FY11 levels for Medical Support and Compliance.

### **C. Medical Facilities**

The Medical Facilities account includes funding for non-recurring maintenance, project management, construction design and planning, facility operations, and other costs. We specifically are delighted to see that the President's budget submission directs a minimum of five percent of all non-recurring maintenance to medical research facilities. The Department's research facilities are in poor condition and have historically had difficulty in receiving funds to conduct needed maintenance.

We support the President's recommendation for \$364 million less in funding over FY11 levels for Medical Facilities, with an exception. VA has currently identified \$10 billion in facility condition deficiencies, which increase operating costs and potentially pose safety hazards. We note with concern that the decrease in non-recurring maintenance funding of \$241 million may exacerbate the problem.

The Undersigned Members expect that the funding level for non-recurring maintenance will be adequate to maintain current levels of services and ask that funding be redirected to correcting these deficiencies.

### **D. Medical and Prosthetic Research**

VA medical and prosthetic research is key to advancing health care in the nation, not only for veterans, but for the population at large. As the nation's largest health care network, VA has unparalleled resources with which to conduct research, including its cadre of dedicated physician researchers. It is for this reason that the Undersigned Members are concerned by the Administration's request to cut funding for this account by \$72 million. VA's request includes eliminating 82 research projects and \$40.58 million in cuts to other ongoing research.

The Undersigned Members recommend a total of \$581 million for FY12, which is equal to the FY11 amount, and \$72.2 million above the President's request for FY12.



### **E. Information Technology**

The President's budget for Information and Technology (IT) funding represents a decrease of \$146 million from the estimated FY11 funding level.

VA's IT budget submission outlines 16 major transformative initiatives, operations and maintenance of existing infrastructure, and IT security that will be supported by this request. According to VA, these initiatives will fund efforts to create a paperless claims system; lifetime electronic medical records enhancements; veteran relationship management software; and infrastructure and reinvestment to maintain the over 330,000 desktop computers within VA.

While VA's IT development and management has improved in recent years, the Committee's concerns must be noted. Specifically, we are concerned about how DoD and VA are working to realize the joint Presidential initiative – the Virtual Lifetime Electronic Record (VLER) – launched in April 2009. VLER was designed with the goal of closing the data gap between active duty and veteran status and providing automated information access to veterans and their families. VLER is scheduled to allow system wide health data exchange in 2012, with expanded types of records exchange by 2015. To date, however, slow progress has yielded only two small-scale pilots exchanging health data across DoD, VA, and the private sector. More health records exchange sites are planned for later this year. However, it is unlikely that VA and DoD will meet the 2012 goal of full integration of electronic health records.

In general, however, the Undersigned Members are pleased to laud VA's progress in managing project schedules, costs, and performance under Project Management Accountability System (PMAS). Further transparency has been gained by publishing an on-line dashboard of ongoing IT projects. As a result, PMAS has exceeded an 80 percent success rate of meeting project milestones. All IT projects, from health informatics research to paperless claims processing, are managed by PMAS. Recently, PMAS called for the halting of the development of a software program due to cost and schedule overruns. This was an appropriate response which reinforces the purpose of PMAS: to ensure that projects are completed on time and on budget.

The Undersigned Members agree that Congress should invest in transforming VA into a 21<sup>st</sup> Century organization, while carefully monitoring these developments.

### **F. Compensation, Pension, and Burial Staffing and Training**

VA must take aggressive action to improve the claims adjudication process, with a focus on training and quality. The Undersigned Members believe the Administration's request for compensation, pension, and burial staffing in FY12 is necessary to mitigate the impact of the recent decision to extend presumptive service-connection for certain conditions associated with exposure to Agent Orange, an increase in claims receipts, and a growing complexity in claims adjudication.



**Staffing:** For FY12, the President requests 15,983 Full-time Equivalents (FTE) for compensation, pension, and burial staffing. This represents a slight increase over the FY11 level.

**Workload:** The disability claims workload from OEF/OIF veterans, as well as from veterans of earlier periods, has continuously increased since 2000. For example, annual claims grew from 788,298 in 2005 to 1,192,346 in 2010. In 2011, VA anticipates claims receipts will rise to 1,480,492. Of that amount, approximately 230,000 will be Agent Orange-related claims for one of the three new presumptive conditions (Ischemic Heart Disease, Parkinson's Disease, and Hairy Cell Leukemia and other chronic B-cell Leukemias). Of those claims, approximately 93,000 are covered by the *Nehmer* settlement – meaning they were previously denied and must be readjudicated.

Claims received by VA are increasingly complex and require more time to develop and rate. In 2010, original claims for compensation with eight or more claimed issues increased from 43,655 in 2005 to 70,620 in 2010 – a 62 percent increase.

In addition, VA anticipates that reopened claims for increased benefits will continue to grow as compensation recipients, many of whom suffer from chronic progressive disabilities (such as diabetes, mental illness, and cardiovascular disease) age, and their conditions worsen. During 2010, reopened disability claims made up 59 percent of all disability claims received.

**Timeliness:** VA estimates that, even with its direct labor FTE, it will take an average of 230 days to complete a compensation and pension rating-related claim during FY12. This is 105 days longer than VA's strategic target – 125 days. The Undersigned Members believe that VA must be able to absorb new court decisions, changes in legislation and regulation, and the impact of other unforeseen events, and, above all, to avoid becoming paralyzed to the detriment of the veterans who rely on it. The Undersigned Members additionally believe that this cannot be accomplished through staffing alone and will monitor VA's other initiatives, including the Veterans Benefits Management System (VBMS), which seeks a favorable impact on the system.

The Undersigned Members will continue to monitor VBA's staffing requirements and output in FY12. We also will look to the Administration to show how it is holding managers and employees accountable for performance given the resources that will be provided.

**Veterans Benefits Administration (VBA) Information Technology:** The President's FY12 budget submission includes \$70 million for the Secretary's IT transformational initiative. VBMS is VA's proposed paperless IT solution that the Department plans to deploy nationwide by 2015. It is designed to be the platform to pull together all software related to disability claims. VA plans to deliver new functionalities to VBMS monthly under its "agile software development model," allowing continual improvement and expanded functionality. VA believes that, over time, VBMS will more efficiently enable claims processing by reducing the time it takes to adjudicate a claim by eliminating the use and handling of paper claims folders.



The Undersigned Members support the President's request in this area and intend to conduct rigorous oversight of VA's deployment of VBMS.

**Training:** The President's FY12 budget submission for VBA's Office of Employee Training and Development includes \$12.9 million for training of Compensation and Pension (C&P) personnel. According to VA, this funding would support entry-level training for new claims processors, on-line training for new and experienced claims processors, nationally standardized lesson materials for local delivery to experienced claims processors, and electronic performance support systems to accelerate claims-processing decisions.

The Undersigned Members are disappointed that the President's Budget request did not provide many particulars on training for C&P staff to enable the Committee to better understand the effect of training – and what more can be done to assure accuracy in claims adjudication. Given the Secretary's commitment to improve quality to 98 percent by 2015, the Undersigned Members believe that the Department should provide greater details on how the Department intends to reach this goal, and what role training will have in improving quality to this extent. The Undersigned Members believe that training is an essential component of any strategy to improve the timeliness and accuracy of claims processing and hope that the quality of claims that are adjudicated will not suffer as VA undertakes this effort.

#### **G. Board of Veterans' Appeals**

The Board of Veterans' Appeals (BVA or Board) is responsible for making final Departmental decisions on behalf of the Secretary for the thousands of benefits claims presented for appellate review annually. From 2008 to 2010, case receipts at the Board increased by 22 percent. On average, BVA receives on appeal 5 percent of all claims decided by VA. From 2008 to 2012, the Board expects a 63 percent increase in case receipts from 40,916 to 66,000.

The President's FY12 request for BVA is \$78 million, which would support 544 FTE and allow the Board to sustain the FY11 level of FTE. With this level of funding, the Board anticipates that it will be able to reduce its appeals resolution time by 5 days, from 695 to 690, in 2012. BVA's strategic target is 675 days.

The Undersigned Members agree with the President's assessment and support the request. However, we will monitor BVA's caseload to reassess staffing needs if necessary.



## **H. Education**

The VBA's Education Service provides veterans, servicemembers, Reservists, and certain family members with educational resources. The implementation of the Post-9/11 Veterans Educational Assistance Program has presented a challenge to VA in terms of making timely and accurate payments since its effective date on August 1, 2009. The enactment of the Post-9/11 Veterans Educational Assistance Improvements Act of 2010 early this year as Public Law 111-377 is expected to present an additional hurdle for delivery of benefits.

The President's FY12 budget request calls for a reduction in FTE from the FY11 level – from 1,812 to 1,595. At the same time, there is a surge in the number of anticipated claims receipts over the actual FY10 levels, as well as changes mandated by the new public law, which need to be integrated into the program. The Undersigned Members are aware of the improvements in education claims processing times as a result of the implementation of the GI Bill Long Term Solution software. This software will also begin to accept education claims on line, which may further improve processing times. At this time, we have no justification for recommending any increase over the President's recommendation. However, the Undersigned Members intend to monitor the situation closely and will recommend additional resources if necessary.

## **I. Vocational Rehabilitation and Employment**

The Vocational Rehabilitation and Employment (VR&E) Program provides training, education, and other services to enable veterans to obtain and maintain employment after sustaining service-connected disabilities. The President's FY12 budget request calls for an increase of \$15.2 million over FY11 and FY10. The VR&E workload has continued to grow, with an expected 10 percent caseload increase in FY12. The President's request would also allow for greater outreach by co-locating counselors on college campuses with the VetSuccess program. The Undersigned Members support this initiative. In addition, the President's FY12 budget request includes funding to extend VR&E services to those servicemembers who are enrolled in the Integrated Disability Evaluation System (IDES) program. However, VA and DoD have not provided a detailed plan to support this initiative. Although we strongly support efforts to provide appropriate vocational rehabilitation services for veterans with service-connected disabilities, we currently have no basis for assessing the potential value of this initiative. We recommend the Budget Committee withhold funds that support this initiative until VA and DoD provide a detailed plan outlining the role of VR&E in IDES.

## **J. Department of Labor, Veterans' Employment and Training Service**

The Veterans' Employment and Training Service (VETS) of the Department of Labor provides veterans and transitioning servicemembers with resources and services designed to maximize employment opportunities, protect employment and re-employment rights, and achieve positive employment outcomes.

The President's FY12 budget proposes an increase of \$2 million in the amount



designated for the Transition Assistance Program (TAP). The resources available for TAP should permit VETS to deliver more than 6,100 Employment Workshops to separating servicemembers throughout the world. In addition, the Administration's budget request includes an additional \$3 million for the Homeless Veterans' Reintegration Program (HVRP), which is focused on placing homeless veterans into jobs. This increase for HVRP will allow VETS to provide services to nearly 27,000 homeless veterans – including populations at increased risk such as incarcerated veterans re-entering the community, homeless women veterans, and veterans with dependent children who are homeless. This funding supports the inter-agency initiative to end homelessness among veterans.

The Undersigned Members are concerned by the unacceptably high rate of unemployment among veterans from the current conflicts who are encountering difficulties making a transition to civilian life. This, in turn, causes concern about the effectiveness of existing employment and training programs for veterans, and the Committee will closely examine whether modifications are necessary. In the meantime, we would recommend that \$24 million be reallocated within the President's budget request in order to permit the Committee to consider legislation to address the employment needs of veterans. Although the Committee has not yet agreed to a path forward, we expect that legislation will be introduced in the very near future to initiate the process. This change would increase the budget request for VETS to \$285 million.

#### **K. Court of Appeals for Veterans Claims**

The CAVC, a legal body independent of VA, is vested with the authority to review decisions of the BVA regarding veterans' and family members' entitlement to benefits offered by VA. The Court is empowered to affirm, vacate, reverse, or remand decisions made by BVA, as well as compel actions of the Secretary, where such action is necessary to bring VA into accordance with the law. During FY10, the Court received 4,341 case filings – a drop from the 4,725 filed in FY09.

The Court's budget request of roughly \$55.8 million for FY12 is approximately \$34 million less than the FY11 requested level of \$90 million. Of the \$90 million, \$62 million was a proposed increase attributable to the construction of a new courthouse. The construction estimate was, at the time of the Court's FY11 request, consistent with the General Services Administration's (GSA) estimate of the costs of land acquisition and construction for the courthouse. Since then, the GSA estimate has been modified to \$117 million – not including the cost of acquiring the parcel of land that the Court would like to build upon.

The Court's FY12 request includes \$25 million toward the construction of a new courthouse. At this time, the Undersigned Members cannot support the requested funding for the courthouse given the health care and benefits needs of veterans across the nation.

The Veterans Consortium Pro Bono Program requests approximately \$2.7 million for FY12, an increase of \$211 thousand over the level requested for FY11. The Pro Bono Program



recently brought on a new Executive Director and has taken steps to become a stand-alone entity – the increase in funding would cover the additional costs associated with this goal. The Undersigned Members look forward to hearing details of the Program's goal of becoming a stand-alone entity and how this would affect the function and funding-needs of the Program in future years.

#### **L. Office of Inspector General**

The work of the VA Office of the Inspector General (IG) has made significant contributions to management effectiveness throughout VA. The IG conducts vital oversight investigations and audits of various aspects of the Department's operations and budget.

Unfortunately, the President's request of \$109 million would virtually flat-line funding for the IG's office for the third straight year. At this level of resources, the IG's office would have to further triage reactive oversight work requested by the Secretary and the Congress. Funding the IG's office at the level of the President's request may also increase risks for veterans in the critical areas of quality of health care; quality and timeliness of claims processing for monetary benefits; and the transition back to civilian life for OEF/OIF/OND servicemembers.

The Committee relies heavily on the IG's office for unbiased investigations and audits. The Undersigned Members recognize the importance of this office and recommend that \$9 million be provided over the President's request to allow the IG's office to continue to address problem areas as they arise, and allow for new oversight initiatives – including homelessness, mental health, and Information Technology.

### **III. MANDATORY ACCOUNT SPENDING**

The Undersigned Members support the President's FY12 budget request that would provide \$70.3 billion for mandatory benefits. In addition, the Undersigned Members recommend that sufficient offsets be identified to end the COLA round-down.

#### **A. Cost-of-Living Adjustment**

Under current law, the COLA applied to veterans' disability compensation and survivors' Dependency and Indemnity Compensation is rounded down to the next lowest whole dollar. VA compensation is sometimes the sole source of income for a veteran and his or her family. Over time, the effect of a COLA round-down can be substantial. We owe it to our nation's veterans to provide them with appropriate compensation, the value of which should not be reduced by inflation. Although the legal authority for an automatic COLA round-down is set to expire in 2013, we recommend that sufficient offsets be identified to end the COLA round-down ahead of schedule.

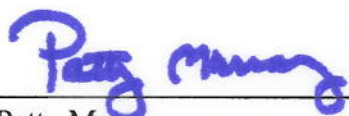
The Undersigned Members recommend that the Budget Resolution include sufficient funding to not impose a COLA round-down.



#### IV. CLOSING

We thank the Budget Committee for its attention to the Undersigned Members' views and estimates of the Administration's Fiscal Year 2012 budget. We look forward to working with the Budget Committee to craft a budget for veterans' programs that truly meets the needs of those who have served our country.

Sincerely,



Patty Murray  
Chairman



John D. Rockefeller IV



Daniel K. Akaka



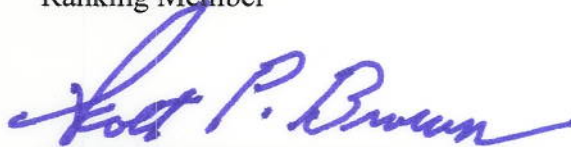
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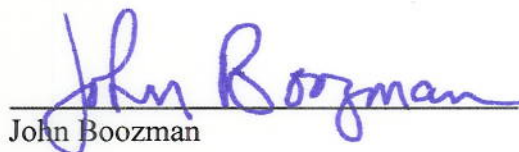
Sherrod Brown



Richard Burr  
Ranking Member

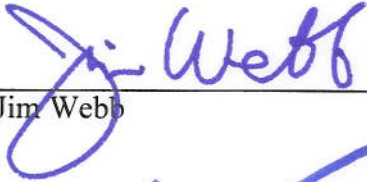


Scott P. Brown

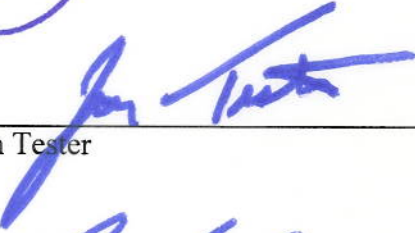


John Boozman



A handwritten signature in blue ink, appearing to read "Jim Webb", written over a horizontal line.

Jim Webb

A handwritten signature in blue ink, appearing to read "Jon Tester", written over a horizontal line.

Jon Tester

A handwritten signature in blue ink, appearing to read "Mark Begich", written over a horizontal line.

Mark Begich